

# California Department of Corrections Financial Information Memo

<b>SUBJECT:</b> <b>STATEWIDE PROPERTY INVENTORY (SPI) RECORDING PROCESS</b>	<b>FIM NUMBER:</b> <b>2003-02</b> <b>Supercedes 2002-01</b>
<b>REFERENCES:</b> <b>STATE ADMINISTRATIVE MANUAL SECTIONS 1335.1, 7821, 7969, 8600-8671</b>	<b>DATE: February 26, 2003</b>

## **DISTRIBUTION**

Associate Wardens, Business Services  
Facilities Management Division  
Regional Accounting Office Managers  
Headquarters Accounting Services Section

## **PURPOSE**

This Financial Information Memorandum (FIM) is to inform the California Department of Corrections (CDC) Property Controllers, Plant Managers, Facilities Management Division, Regional Accounting Offices (RAOs) and Headquarters Accounting Services Section (HASS) of the **revised** procedures for Statewide Property Inventory (SPI) recording process and responsibilities. Land, Buildings, Improvements Other Than Buildings, and Equipment are the fixed assets accounts at the Institutions and RAOs. Detailed instructions on Accounting for Non-Capital Outlay Equipment are in FIM 2002-08. The attached guidelines clarify and revise the staff responsibilities identified in FIM 2002-01 to ensure completion and accuracy of property records for Statewide Property Inventory. Also refer to FIM 2001-09 for more information on SPI adjustments done to reconcile with Department of General Services.

## **BACKGROUND**

Legislation was passed in September 1986 requiring Department of General Services (DGS) to maintain a statewide inventory of all real property held by the State. Each agency was to provide updates by July 1, 1988 and subsequent updates by July 1 of each year.

## **DISCUSSION**

At the completion of each project managed by DGS, their Acquisition Section sends the project file and recorded documentation to a unit within DGS referred to as the Statewide Property Inventory (SPI) Unit. Each March a SPI listing of land, structures and improvements to other than buildings is sent to the Institutions and their respective RAO. The DGS requests that additions, changes or deletions to the SPI be made as the changes occur or no later than the end of the fiscal year. The CDC is responsible for reporting to the DGS data on all projects managed by the CDC.

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Statewide Inventory Property Recording Process

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The Institutions and RAO must reconcile their Fixed Asset accounts at least quarterly. Please see attached procedures for remaining in balance with DGS as CDC moves toward a standardized process to bring the Department in compliance with State standards.

### **ACTION REQUIRED**

Step 1—Appropriate Accounting Office coordinates notification to DGS.

Step 2—Institution reconciles Fixed Asset accounts on the Institution Property Register to the RAO General Ledger Accounts at least quarterly.

If you have further questions regarding this FIM, please contact your Accounting Administrator: for Headquarters and Parole, contact William Dougherty at (916) 324-6525; for Institutions, contact Timothy Gilpin, Regional Accounting-North at (916) 323-3351 or Carol Gardemal, Regional Accounting-South at (909) 483-1554.

WENDY STILL

Deputy Director

Financial Services Division

Attachments

cc: William Duncan, Deputy Director, Institution Division  
Roderick Hickman, Assistant Deputy Director, Institutions Division  
Ernie Van Sant, Deputy Director, Facilities Management Division  
Institutional Regional Administrators  
Wardens  
Institution Property Controllers  
Carol Gardemal, Regional Administrator-South  
Tim Gilpin, Regional Administrator-North  
William Dougherty, Accounting Management Branch  
Kim Garcia, Accounting Management Branch  
Paul Thatcher, Accounting Policies and Procedures Section  
Sandy Moy, Headquarters Accounting Services Section  
Richard Powers, Facility Planning and Finance Branch  
Dennis Turnipseed, Day Labor & Professional Services Branch

Statewide Inventory Property Recording Process

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### PROCEDURES

These procedures address the process of keeping the Statewide Property Inventory (SPI) database, the Regional Accounting Office (RAO) records and the Institution Property Register in balance. Real Estate Services Division (RES), State Property Inventory Unit (SPI), within the Department of General Services (DGS) maintains the SPI listing for land, structures and improvements other than buildings. The California Department of Corrections (CDC) does not report on the DGS managed projects since DGS internally obtains those final project costs for the SPI database. Equipment and repairs are not reported to DGS. The CDC is responsible for the reporting of projects managed by the CDC.

See the FIM on Accounting for Equipment for the format to use for reconciling all fixed assets, which include Land, Buildings, Improvements Other Than Buildings and Equipment.

#### • ***New Project Managed by Institution and Paid by Regional Accounting Office (RAO)***

<b>Institution</b>	Completes RESD Form 1040 item 1 to 45 upon completion of projects. (Including Section 6, and Minor Capital Outlay projects). Information regarding the cost and funding (items 36-43) must be obtained from the RAO.
<b>Institution</b>	Enters costs of the project into the Institution Property Register.
<b>Institution</b>	Sends copy of completed RESD Form 1040 to the appropriate RAO.
<b>RAO</b>	Records final project costs shown on RESD Form 1040 received from Institution into CALSTARS General Fixed Asset Accounts.
<b>RAO</b>	Reviews and forwards the completed RESD Form 1040 to DGS.
<b>DGS</b>	Updates the SPI, sends out a revised SPI to RAO.
<b>RAO</b>	Verifies the revised SPI and returns a signed copy to DGS, then forwards a copy to Institution and HASS

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- ***New Project Managed by Facility Management Division (FMD) and Paid by Headquarters Accounting Services Section (HASS)***

<b>FMD</b>	Completes RESD Form 1040 (item 1 to 35, and item 45) when projects (Including Section 6, Minor and Major Capital Outlay projects) are completed, then forwards RESD Form 1040 along with the completed projects report to HASS quarterly by the 30 <sup>th</sup> of the following month. Except for the 4 <sup>th</sup> quarter report is due to HASS on July 15 to ensure financial statements are accurately reported at year-end.
<b>HASS</b>	Reviews RESD 1040 received from FMD, and completes items 36 to 43.
<b>HASS</b>	Sends a copy of completed RESD Form 1040 along with a Transfer Memo to respective RAO and Institution.
<b>Institution</b>	Records final project costs shown on RESD Form 1040 received from HASS to Institution Property Register.
<b>RAO</b>	Records final project costs shown on RESD Form 1040 received from HASS to CALSTARS General Fixed Asset Accounts.
<b>RAO</b>	Reviews and forwards the completed RESD Form 1040 to DGS.
<b>DGS</b>	Updates the SPI, sends out a revised SPI to RAO.
<b>RAO</b>	Verifies the revised SPI and returns a signed copy to DGS, then forwards a copy to Institution and HASS

- ***Additional Costs for Closed Project Managed by FMD and Paid by HASS***

<b>HASS</b>	Sends a Transfer Memo with additional cost to respective RAO and Institution along with DGS Structure Report (RE24) or Structure Cost Report semi-annually.  (HASS will try to match the project title shown on their records to the structure name on DGS Structure Cost Report as close as possible. If the project name can not be matched, HASS will include the additional cost to the project/Structure that was last closed.)
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<b>Institution</b>	Records additional project costs shown on Transfer Memo received from HASS to Institution Property Register.
<b>RAO</b>	Records additional project costs shown on Transfer Memo received from HASS to CALSTARS General Fixed Asset Accounts.
<b>RAO</b>	Reviews and forwards the revised Structure Report (RE24) or Structure Cost Report to DGS.
<b>DGS</b>	Updates the SPI, sends out a revised SPI to RAO.
<b>RAO</b>	Verifies the revised SPI and returns a signed copy to DGS, then forwards a copy to Institution and HASS

### **QUARTERLY RECONCILIATION**

<b>RAO</b>	Reconciles the Institution Property Register for all fixed asset to CALSTARS General Fixed Asset Accounts <b>at least</b> quarterly.
<b>Institution</b>	Reconciles the Institution Property Register for all fixed asset to CALSTARS General Fixed Asset Accounts

### **ANNUAL SPI RECONCILIATION**

<b>Institution</b>	Reconciles the Institution Property Register, CALSTARS General Fixed Accounts, and DGS March SPI listing annually. Notify the RAO of changes required to the SPI by June 1.
<b>RAO</b>	Reconciles the Institution Property Register to CALSTARS General Fixed Asset Accounts, and DGS March SPI listing annually. Notify DGS and HASS of changes to the SPI by June 30.

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**FIXED ASSETS DEFINITIONS**

**CAPITALIZED PROPERTY (SAM SECTION 8602)**

State Property is capitalized for accounting purposes when certain conditions are met. Capitalization means to record the property in the accounting records as an asset. Tangible property must meet the following three requirements in order to meet the capitalization requirements:

1. Have a normal useful life of at least one year;
2. Have a unit acquisition cost of at least \$5,000 (e.g., four identical assets which cost \$3,000 each, for a \$12,000 total, would not meet the requirement); and  
*The acquisition cost includes the purchase price, tax, and installation cost.*
3. Be used to conduct State business.

When the above three requirements are not met, the property will not be recorded as an asset in the General Ledger.

***EXCEPTION to the \$5000 RULE:*** The original guidelines dated March, 1988 developed by DGS and Bureau of State Audits stated for Structures or Improvements, “if costs are not readily available, use a nominal cost of \$1.00. The \$1.00 nominal cost will identify the actual construction cost was not available.” For Land, “if the Purchase Price of the Real Property parcel is not known or available, then enter a value of \$1.00 per acre for the parcel.” This applies only to fixed assets acquired prior to 1988.

**CDC FIXED ASSET ACCOUNTS**

**The Fixed Assets General Ledger Accounts (GLA) used by Department of Corrections (CDC) are:**

**2310, Land;**  
**2321, Buildings;**  
**2331, Improvements Other than Buildings;**  
**2341, Equipment; and**  
**2350, Construction Work in Progress (Used only by Headquarters Accounting)**

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The following is a description of costs entered into these accounts:

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### ***LAND***

Shows the costs or appraised value of state-owned land and interests in land under the jurisdiction of CDC. Land is real property and includes natural and artificial structures attached to it (SAM Section 8611). When land is acquired, the amount capitalized is the purchase price plus all related costs. Related costs include legal and title fees, title search costs and costs incurred in getting the land ready for its intended use.

### ***BUILDINGS***

Buildings are structures that provide workplace, storage space or are used in some other way for State activities. Capitalized building costs include the purchase price plus all other cost incurred to put the building in condition for its intended use. Additions to structures or improvements are added to the original cost of the building or structure. Buildings or additions costing over \$5,000 are entered in this account even though the funding may come from minor capital outlay or an institution's support budget. All costs related to the construction, addition, betterment or improvement of a building are entered in this account. Modular buildings may be considered buildings until the Department of Finance makes a policy decision.

### ***IMPROVEMENTS OTHER THAN BUILDINGS***

Shows the cost or appraised value of state-owned nonstructural improvements under the jurisdiction of CDC. Examples of such improvements are roads, bridges, sidewalks, curbs, gutters, tunnels, parking lots, streets, drainage systems and lighting systems. All other additions, improvements and betterments will be capitalized to the asset benefited.

### ***EQUIPMENT***

Shows the cost or appraised value of state-owned equipment. The cost should be at least \$5,000 with a useful life of one year. Typically, equipment affixed to a building is capitalized as part of the building. Moveable equipment is capitalized as equipment.

Statewide Inventory Property Recording Process  
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### ***CONSTRUCTION WORK IN PROCESS***

Shows the amount expended on capital outlay projects that are not yet completed and, therefore, cannot be capitalized in the other property accounts. While a major capital outlay project is in

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progress, HASS maintains this account. Upon notification of completion by FBMD, HASS transfers the costs accumulated for that particular project to the RAO for their records and notifies the Institution of final project costs.

#### ***EXCEPTIONS***

*Inmate Day Labor projects* (IDL) typically set aside approximately 25 percent of their funding for equipment such as cars, tractors, trailers, etc. This equipment becomes the property of IDL and is accounted for in the Inmate Construction Revolving Fund (ICRA). This equipment is not capitalized with the specific project from which it's purchased. *Moveable Equipment* may be funded from a capital outlay project but is accounted for as equipment rather than capitalized as part of the building or improvements other than buildings.

#### ***SUBSIDIARY RECORDS***

Per SAM Section 7821, the Property Register is the subsidiary to GLAs 2310, 2321, 2331 and 2341.



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STATE OF CALIFORNIA  
STATEWIDE PROPERTY INVENTORY  
Rev. RESD FORM 1040 (10/2000) (Page 1 of 2)

REAL ESTATE SERVICES DIVISION  
BUSINESS, OPERATIONS, PLANNING & POLICY BRANCH

## STRUCTURE DATA ENTRY FORM

1. Action type    A = Add, C = Change, D = Delete

### STRUCTURE

2. State Owned Code: **3**                      3. Structure Group: \_\_\_\_\_                      4. Structure Number: \_\_\_\_\_  
5. Real Property Number: \_\_\_\_\_                      6. Real Property Name: \_\_\_\_\_  
7. Structure Name: \_\_\_\_\_  
8. Address Number: \_\_\_\_\_                      9. Address Street: \_\_\_\_\_  
10. Address 2: \_\_\_\_\_  
11. City Code: \_\_\_\_\_                      12. County Code: \_\_\_\_\_                      13. State Code: \_\_\_\_\_  
14. Zip Code \_\_\_\_\_ - \_\_\_\_\_                      15. Country Code: \_\_\_\_\_                      16. Thomas Bros: Map Book \_\_\_\_\_ Page \_\_\_\_\_ Grid \_\_\_\_\_  
17. Agency Region: \_\_\_\_\_                      18. Agency Structure Number: \_\_\_\_\_  
19. Billing Code: \_\_\_\_\_  
20. Owner Agency Number: \_\_\_\_\_                      21. Owner Agency Acronym: \_\_\_\_\_  
22. Managing Agency Number: \_\_\_\_\_                      23. Managing Agency Acronym: \_\_\_\_\_  
24. Structure Type Code: \_\_\_\_\_                      25. Condition Code: \_\_\_\_\_                      26. Number of Floors: \_\_\_\_\_  
27. Square Footage: \_\_\_\_\_                      28. Year Built: \_\_\_\_\_  
29. Current Program Use: \_\_\_\_\_                      30. Projected Program Use: \_\_\_\_\_                      31. Projected Program Use Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_  
32. Structure Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### ACQUISITION HISTORY STRUCTURE

33. Manner Acquired: \_\_\_\_\_                      34. Instrument Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_                      35. Project Type: \_\_\_\_\_  
36. Cost of Structure                      37. Cost of Improvements                      38. Cost of Additions                      39. Cost of Retrofit:                      40. Acquisition Cost:  
\$                      \$                      \$                      \$                      \$  
41. Funding Source Number                      42. Multiple Funding: \_\_\_\_\_                      43. Reportable                      44. Document Number:  
\_\_\_\_\_  
\_\_\_\_\_

### STRUCTURE CHARACTERISTICS

45. Structure Characteristic Code: \_\_\_\_\_                      46. Applicable Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_                      47. Estimated Cost: \$ \_\_\_\_\_  
48. Structure Characteristic Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

45. Structure Characteristic Code: \_\_\_\_\_                      46. Applicable Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_                      47. Estimated Cost: \$ \_\_\_\_\_  
48. Structure Characteristic Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

45. Structure Characteristic Code: \_\_\_\_\_                      46. Applicable Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_                      47. Estimated Cost: \$ \_\_\_\_\_  
48. Structure Characteristic Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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STATE OF CALIFORNIA  
STATEWIDE PROPERTY INVENTORY  
STRUCTURE DATA ENTRY FORM CONTINUED  
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REAL ESTATE SERVICES DIVISION  
BUSINESS, OPERATIONS, PLANNING & POLICY BRANCH

### FLOOR

49. Floor ID: \_\_\_\_\_ 50. Net Office Area: \_\_\_\_\_ 51. Net Storage Area: \_\_\_\_\_ 52. Added Facilities: \_\_\_\_\_  
53. Tare: \_\_\_\_\_ 54. Garage: \_\_\_\_\_ 55. Floor Inside Gross \_\_\_\_\_  
49. Floor ID: \_\_\_\_\_ 50. Net Office Area: \_\_\_\_\_ 51. Net Storage Area: \_\_\_\_\_ 52. Added Facilities: \_\_\_\_\_  
53. Tare: \_\_\_\_\_ 54. Garage: \_\_\_\_\_ 55. Floor Inside Gross \_\_\_\_\_  
49. Floor ID: \_\_\_\_\_ 50. Net Office Area: \_\_\_\_\_ 51. Net Storage Area: \_\_\_\_\_ 52. Added Facilities: \_\_\_\_\_  
53. Tare: \_\_\_\_\_ 54. Garage: \_\_\_\_\_ 55. Floor Inside Gross \_\_\_\_\_

### OCCUPIED SPACE

56. Occupying Agency Number: \_\_\_\_\_ 57. Division Number: \_\_\_\_\_ 58. Floor ID: \_\_\_\_\_ 59. Space Type Code: \_\_\_\_\_  
60. Suite or Room: \_\_\_\_\_ 61. Quantity of Unit: \_\_\_\_\_ 62. Load Factor: \_\_\_\_\_  
63. OREDS Charges Apply: \_\_\_\_\_ 64. State Police Charges: \_\_\_\_\_  
65. Occupancy/Beginning Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ 66. Actual Vacated Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
67. Personnel Base Year: \_\_\_\_\_ 68. Full Time Personnel \_\_\_\_\_ 69. Part Time Personnel: \_\_\_\_\_  
70. Five Year Personnel Projection: \_\_\_\_\_ 71. Ten Year Personnel Projection: \_\_\_\_\_  
72. Five Year Square Feet Projection: \_\_\_\_\_ 73. Ten Year Square Feet Projection: \_\_\_\_\_  
74. Consolidatable Flag: \_\_\_\_\_ 75. Planning Area Code: \_\_\_\_\_  
Occupied Space Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

56. Occupying Agency Number: \_\_\_\_\_ 57. Division Number: \_\_\_\_\_ 58. Floor ID: \_\_\_\_\_ 59. Space Type Code: \_\_\_\_\_  
60. Suite or Room: \_\_\_\_\_ 61. Quantity of Unit: \_\_\_\_\_ 62. Load Factor: \_\_\_\_\_  
63. OREDS Charges Apply: \_\_\_\_\_ 64. State Police Charges: \_\_\_\_\_  
65. Occupancy/Beginning Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ 66. Actual Vacated Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
67. Personnel Base Year: \_\_\_\_\_ 68. Full Time Personnel \_\_\_\_\_ 69. Part Time Personnel: \_\_\_\_\_  
70. Five Year Personnel Projection: \_\_\_\_\_ 71. Ten Year Personnel Projection: \_\_\_\_\_  
72. Five Year Square Feet Projection: \_\_\_\_\_ 73. Ten Year Square Feet Projection: \_\_\_\_\_  
74. Consolidatable Flag: \_\_\_\_\_ 75. Planning Area Code: \_\_\_\_\_  
Occupied Space Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

56. Occupying Agency Number: \_\_\_\_\_ 57. Division Number: \_\_\_\_\_ 58. Floor ID: \_\_\_\_\_ 59. Space Type Code: \_\_\_\_\_  
60. Suite or Room: \_\_\_\_\_ 61. Quantity of Unit: \_\_\_\_\_ 62. Load Factor: \_\_\_\_\_  
63. OREDS Charges Apply: \_\_\_\_\_ 64. State Police Charges: \_\_\_\_\_  
65. Occupancy/Beginning Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ 66. Actual Vacated Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
67. Personnel Base Year: \_\_\_\_\_ 68. Full Time Personnel \_\_\_\_\_ 69. Part Time Personnel: \_\_\_\_\_  
70. Five Year Personnel Projection: \_\_\_\_\_ 71. Ten Year Personnel Projection: \_\_\_\_\_  
72. Five Year Square Feet Projection: \_\_\_\_\_ 73. Ten Year Square Feet Projection: \_\_\_\_\_  
74. Consolidatable Flag: \_\_\_\_\_ 75. Planning Area Code: \_\_\_\_\_  
Occupied Space Comments: \_\_\_\_\_